

**Testimony Submitted for the Record  
United States House of Representatives  
Committee on Ways and Means  
Tax Reform Working Group on Charitable/Exempt Organizations  
Roundtable on non-cash contributions  
Submitted on April 15, 2013**

**Submitted by  
Jim Gibbons, President and CEO  
Goodwill Industries International  
15810 Indianola Drive  
Rockville, MD 20855  
Phone (301) 530-5202  
Fax (301) 530-1516**

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Mr. Chairman, Ranking Member, and Members of the Committee, on behalf of Goodwill Industries International, Inc., I appreciate this opportunity to provide a statement on the role that non-cash contributions play for Goodwill®.

Goodwill is committed to helping workers move toward family-sustaining careers. To advance this mission, 158 autonomous community-based Goodwill agencies around the country operate over 2,700 stores and other social enterprises that create jobs, provide paid job training, career services and other programs for people with disabilities and disadvantages to finding employment. To pay for its community-based social services, Goodwill sells donated goods in stores and on an online auction site, [www.shopgoodwill.org](http://www.shopgoodwill.org). As a leading social enterprise, Goodwill creates an average of 25 jobs per donated goods store, generates revenue to fund mission services, and employs sustainable principles to keep usable items out of landfills. Our mission coupled with this self-sustaining social enterprise model is why Forbes named Goodwill to its list of America's Most Inspiring Companies.

Donors play a vital role in Goodwill's availability to fulfill our mission. Last year Goodwill earned the trust of 84 million donors. While most of our donations are clothing or household goods, Goodwills collectively received a significant number of individual gifts and endowments.

Local Goodwill agencies are part of the richly diverse charitable and philanthropic community of over 1.2 million organizations working every day to provide programs and services that benefit individuals, families and communities all across America. The nonprofit sector is also an important part of our economy, employing 10 percent of the U.S. workforce and generating \$1.3 trillion in economic activity each year. Goodwill alone has grown more than 20,000 employees since the economic downturn in 2008, with over 112,000 employees to date.

As nonprofit organizations like Goodwill continue to meet increased demand for services while receiving less state and federal support, Congress should seek to encourage everyone, regardless of income, to give more to charitable organizations and protect the most vulnerable in our society. The current property valuation rules allowing individuals to deduct their charitable contributions benefits the sector greatly, especially agencies like Goodwill that rely on a self-sustainable enterprise model.

Goodwill harnesses the power of used goods to help thousands of people each year achieve their full potential through the power of hard work. When someone drops off their noncash donation at Goodwill our mission begins. Donation receipts are available to every donor that visits one of our attended donation centers. The vast majority of the millions of donors donating to Goodwill receive a donation receipt for their records. It wouldn't be feasible for Goodwill agencies to

track whether or not the donor uses the receipts for reporting purposes, nor do we assign any value to the donation. Instead, Goodwill Industries® provides a valuation guide compiled of commonly donated items and their estimated value assuming the donated items are in good condition. We advise our donors that if they are unsure whether the item qualifies for a tax deduction, then consider this: if you would give it to a relative or friend, then the item is most likely in good condition and is appropriate to donate. At Goodwill Industries, we want people to give as much thought to where they donate their clothes as they would to where they donate their money. Donors should give to charities they know and trust and that will make the most of their donations. Goodwill channels 82 percent of our revenues into generating employment and job training programs that benefited over 6 million people last year and placed 219,000 people into employment

Every time you donate a pair of used jeans to Goodwill, you are effectively providing about eight minutes of resume preparation or similar services. A box of donated books provides an hour of resume prep or 41 minutes of career counseling. Goodwill's [Donate Movement](#) impact calculator lets potential donors see exactly how much of a difference a bag of clothing, a used bike, or an old TV can have in the lives of people with challenges to employment. For Goodwill, the benefits of receiving noncash contributions are great and multiply throughout the community. While the individual donor gets a tax deduction the community is strengthened by the services we provide, the environment is cared for, and fewer people turn to public assistance as they become productive tax paying citizens.

Goodwill collects donations through over 4,700 bins and attended donation centers. We believe that the burden is appropriately placed on the donor to determine the value of their donation. The donors can seek guidance from our valuation guide, their tax software or from the appropriate acknowledgment forms or appraisals. While the nonprofit sector does benefit from charitable giving incentives, we can always encourage more giving. The fact that non-itemizers cannot deduct their non-cash contributions can be limiting. Furthermore, recent changes to the automobile deduction requiring the individual to deduct what a car sells for rather than the fair market value negatively impacted the sector.

Local Goodwills do their best to train their donation attendants and processors to set aside anything of potentially higher value for the store manager to review. Generally, if the item appears to be of significant value or an item could achieve greater sales through online platforms, then the item may be sold on ecommerce or priced in store as a collectible. In some cases, it is possible if something of substantial value is donated then it may go into a quarantine state where employees try to identify the donor and ensure it was not donated by accident.

The current rules require an individual donating an item worth \$250-\$5,000 to obtain a written acknowledgment from the charity (more detailed than a receipt) that meets IRS guidelines. This is a rarity for our agencies, occurring in less than 1 percent of total donation transactions. IRS Form 8283 is required to be filled out by a donor if the item is in excess of \$5,000 and has an appraisal form to accompany it. Local Goodwill Chief Financial Officers will not sign this form unless they witness the donation.

Thank you for taking the time to consider these views. As our nation recovers from this economic downturn, Goodwill stands ready to leverage its existing infrastructure to supplement government programs. We urge Congress to remember that Goodwill along with many other nonprofits are providing services which keep people off of public assistance and create pathways out of poverty. This would not be possible if it weren't for the generosity of Americans, who through their donations support charitable causes important to them and their communities.